Central Retail Corp. (CRC TB) - BUY, Price Bt25.75, TP Bt31.00

Results Comment

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Very strong 2Q26 beat

- CRC reported Bt1.9bn normalized profit in 2Q26, +101% y-y but down 35% q-q due to the low-season impact. Earnings beat our expectations sharply, mainly driven by the gross margin level.
- Total normalized product sales grew 5% y-y on average 1% y-y same-store sales growth (SSSG), 24% y-y online sales growth, and limited store expansion during the quarter.
- By business, fashion sales grew 6% y-y, food grew 6%, and hardline Thai Watsadu grew 2%. The growth was higher than average consumption growth due to CRC's better product selection strategy and expansion of its online channel from its own platform to third-party platforms with a larger customer base.
- Total gross margin rose to 25.7% in 2Q26 from 24.3% in 2Q25 and 24.2% in 1Q26. CRC mentioned that the improvement was across all three businesses, driven by better product selection toward higher-margin brands and a higher mix of high-margin house-brand products. Better demand also allowed CRC to reduce promotional discounts compared with previous years. Higher construction material prices from the war also positively impacted gross margin.
- SG&A to sales was 27.6%, relatively flat from 27.7% last year, as CRC continued to focus on cost savings and more efficient marketing strategies despite remaining active in advertising activities. SG&A to sales was lower at 24.4% in 1Q26 due to operating leverage from the stronger seasonal impact.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	53,953	54,260	59,141	61,932	55,501
Gross profit	**14,076**	**14,478**	**16,116**	**16,081**	**15,333**
SG&A	16,064	15,893	17,201	16,200	16,498
Operating profit	2,038	2,612	4,248	4,371	3,075
EBITDA	**6,546**	**7,286**	**8,538**	**8,204**	**7,087**
Other income	4,113	4,085	5,415	4,542	4,367
Other expense	0	0	0	0	0
Interest expense	975	991	907	783	812
Profit before tax	**1,151**	**1,679**	**3,423**	**3,640**	**2,390**
Income tax	224	476	731	803	538
Equity & invest. income	103	80	158	165	116
Minority interests	(94)	(91)	(51)	(102)	(82)
Extraordinary items	207	3	(440)	(111)	188
Net profit	**1,143**	**1,195**	**2,359**	**2,789**	**2,074**
Normalized profit	**936**	**1,192**	**2,799**	**2,900**	**1,886**
EPS (Bt)	0.19	0.20	0.39	0.46	0.34
Normalized EPS (Bt)	0.16	0.20	0.46	0.48	0.31

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	(10)	3	50	235,310	247,148
Gross profit	**(5)**	**9**	**50**	**62,785**	**66,236**
SG&A	2	3	49	66,900	70,067
Operating profit	(30)	51	52	14,315	15,526
EBITDA	**(14)**	**8**	**48**	**31,884**	**33,554**
Other income	(4)	6	48	18,584	19,545
Other expense					
Interest expense	4	(17)	49	3,261	3,388
Profit before tax	**(34)**	**108**	**54**	**11,208**	**12,327**
Income tax	(33)	140	52	2,567	2,823
Equity & invest. income	(30)	13	49	573	615
Minority interests	na	na	na	(386)	(405)
Extraordinary items	na	na	na	0	0
Net profit	**(26)**	**81**	**55**	**8,829**	**9,714**
Normalized profit	**(35)**	**101**	**54**	**8,829**	**9,714**
EPS (Bt)	(26)	81	55	1.46	1.61
Normalized EPS (Bt)	(35)	101	54	1.46	1.61

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	9,917	9,411	9,797	14,169	12,946
A/C receivable	4,463	4,921	3,837	3,312	3,188
Inventory	45,461	46,643	43,455	42,571	42,294
Other current assets	13,058	13,407	13,206	12,240	9,749
Investment	1,307	1,388	1,423	2,121	1,988
Fixed assets	66,972	66,847	65,121	64,085	63,665
Other assets	146,988	143,491	110,010	111,415	112,112
Total assets	**288,165**	**286,109**	**246,849**	**249,913**	**245,940**
S-T debt	64,074	59,235	44,506	47,505	41,570
A/C payable	35,675	37,928	37,261	33,953	31,924
Other current liabilities	24,262	24,867	25,742	24,200	20,732
L-T debt	28,911	28,781	25,384	25,348	35,750
Other liabilities	65,158	64,385	44,668	45,097	45,363
Minority interest	2,977	3,408	3,819	3,939	4,184
Shareholders' equity	**67,108**	**67,505**	**65,469**	**69,871**	**66,416**
Working capital	14,249	13,636	10,030	11,930	13,557
Total debt	92,986	88,016	69,890	72,853	77,320
Net debt	**83,069**	**78,605**	**60,093**	**58,684**	**64,374**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	(8.1)	(7.0)	0.3	1.5	2.9
Operating profit growth	(38.9)	(20.8)	4.2	2.7	50.9
EBITDA growth	(17.0)	(6.4)	2.6	(6.7)	8.3
Norm profit growth	(42.0)	(27.1)	20.2	11.6	101.5
Norm EPS growth	(42.0)	(27.1)	20.2	11.6	101.5
Gross margin	26.1	26.7	27.3	26.0	27.6
Operating margin	3.8	4.8	7.2	7.1	5.5
EBITDA margin	12.1	13.4	14.4	13.2	12.8
Norm net margin	1.7	2.2	4.7	4.7	3.4
D/E (x)	1.3	1.2	1.0	1.0	1.1
Net D/E (x)	1.2	1.1	0.9	0.8	0.9
Interest coverage (x)	6.7	7.4	9.4	10.5	8.7
Interest rate	4.3	4.4	4.6	4.4	4.3
Effective tax rate	19.4	28.4	21.4	22.1	22.5
ROA	1.3	1.7	4.2	4.7	3.0
ROE	5.4	7.1	16.8	17.1	11.1

Sources: Company data, ttb wealth estimates

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